

**SMALL RENTAL PROPERTY PROGRAM
PROMISSORY NOTE**

US \$188,000.00

June 28, 2012

Borrower: **WESLEY TYRON BISHOP**
 [REDACTED]
 NEW ORLEANS, LOUISIANA 70126

Lender: **State of Louisiana, Division of Administration**
 Office of Community Development
 Post Office Box 94095
 Baton Rouge, Louisiana 70804
 Or
 One American Place, Suite 600
 Baton Rouge, Louisiana 70825

Promise to Pay. For value received, **WESLEY TYRON BISHOP** (individually and collectively, the "**Borrower**") promises to pay to the order of State of Louisiana, Division of Administration, Office of Community Development ("**OCD**" or "**Lender**"), as administrator of the Small Rental Property Program, at Post Office Box 94095, Baton Rouge, Louisiana, 70804, on or before **June 28th, 2022 ("**Maturity Date**")**, in lawful money of the United States of America the principal sum of **One Hundred Eighty-Eight Thousand and 00/100 (\$188,000.00) Dollars ("**Incentive Loan**")**.

Incentive Loan. Borrower has been awarded the Incentive Loan from the United States of America under the U.S. Department of Housing and Urban Development ("**HUD**") Community Development Block Grant ("**CDBG**") Program, which Program is being administered by OCD, pursuant to a Small Rental Property Program Commitment Letter ("**Commitment Letter**"). The funding for the Incentive Loan has been provided in recognition of a declared disaster to promote the general welfare. The purpose of the Incentive Loan is to provide owners of qualified small residential rental projects with an incentive to reduce rents and deliver affordable rental housing in the parishes affected by Hurricane Rita and Hurricane Katrina. The proceeds from the Incentive Loan shall be disbursed by OCD to Borrower in connection with Borrower's operation of a small rental project located at **10841 ROGER DRIVE, APTS. A, B, C, & D, NEW ORLEANS, LOUISIANA 70126 ("**Property**")**.

Non-Interest Bearing Obligation. This Note shall be non-amortizing and shall not bear interest, except as set forth below. Borrower has executed a Small Rental Property Program Incentive Payment Agreement ("**Incentive Payment Agreement**") in connection with receipt of the Incentive Loan. The Incentive Loan and this Note are secured by a Multiple Indebtedness Mortgage, Assignment of Leases and Rents, and Security Agreement ("**Mortgage**"), encumbering the Property. Capitalized terms not otherwise defined in this Note shall have the meanings given to such terms in the Incentive Payment Agreement, the Commitment Letter or the Mortgage.

Repayment of Obligation. As consideration for Borrower's agreement to provide critically vital affordable housing at reduced rents, OCD agrees that the Incentive Loan shall be repaid in accordance with the attached **Schedule 1**, provided that Borrower is not in default under the Incentive Loan Documents beyond any applicable grace or cure period. The outstanding unpaid principal balance of the Incentive Loan ("**Outstanding Balance**") at any time during the Incentive Loan Term shall be as reflected on **Schedule 1**.

Term. The term of this Note shall be **10.00 years ("**Incentive Loan Term**")**, and shall mature on the Maturity Date.

Voluntary Prepayment. Borrower may not prepay the Incentive Loan during the 1st year of the Incentive Loan Term ("**Lockout Period**"). Following expiration of the Lockout Period, Borrower may voluntarily prepay the Incentive Loan as follows:

(a) If Borrower desires to prepay the Incentive Loan during the 2nd through 5th year of the Incentive Loan Term, Borrower shall give Lender not less than 30 days prior written notice, and shall pay Lender an amount equal to the Outstanding Balance due as of the date of prepayment, plus accrued and unpaid interest at 8% per annum, from the date of this Note until prepaid.

(b) If Borrower desires to prepay the Incentive Loan at anytime after the 5th year of the Incentive Loan Term, Borrower shall give Lender not less than 30 days prior written notice, and shall pay Lender an amount equal to the Outstanding Balance due as of the date of prepayment.

Mandatory Prepayment. Borrower shall be obligated to prepay the Incentive Loan as follows: